

# M&A Attractiveness Index—Middle East

Developed in association with the M&A Research Centre at Cass Business School

According to the M&A Attractiveness Index, developed by the M&A Research Centre at Cass Business School, the Middle East countries of Qatar, Saudi Arabia and United Arab Emirates are ranked 50th, 81st and 28th, respectively, out of a total of 147 countries.

## United Arab Emirates

The six-year trend data show United Arab Emirates as remaining fairly stable, being ranked at 28th for three of those years. Recently the market strength is the socioeconomic factors, which saw an increase in both the population size and demographics. Challenges are in infrastructure and assets, in which assets are still at a relatively low level.

## Qatar

In Qatar, even though the ranking has decreased, the underlying figures have improved. This is particularly true of the regulatory and political factors, mainly due to trading across borders and enforcing contracts. Technology has remained a market challenge, albeit an improving one.

## Saudi Arabia

Saudi Arabia remains in the bottom half of the Index, although it has increased its position by ten places in the last six years. Driving the attractiveness of Saudi Arabia are socioeconomic factors, which saw a huge increase in both population size and demographics. Inhibiting factors are infrastructure and assets. ■

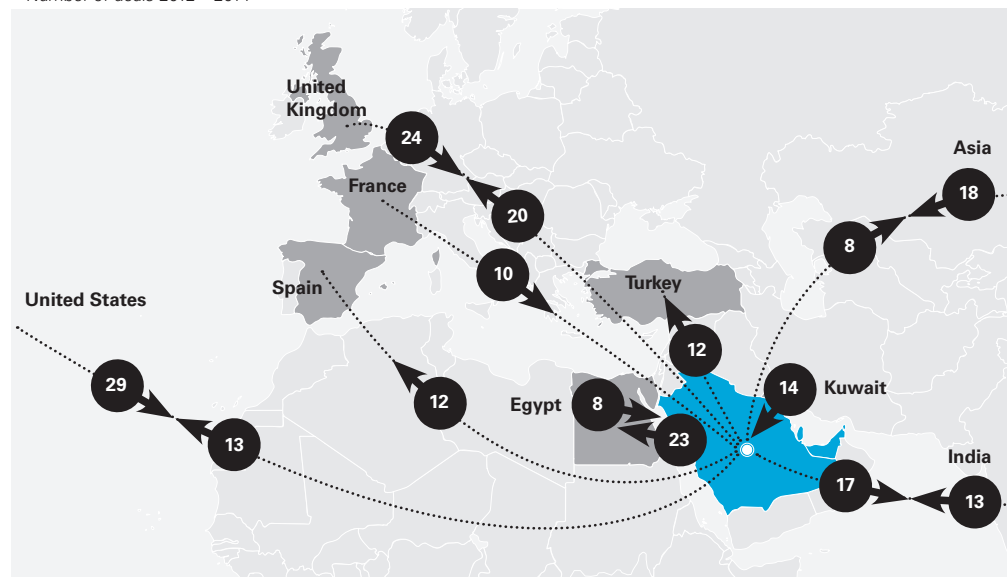
Qatar ranked  
**50th**  
out of 147 countries

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## Inbound and outbound investment flows for the Middle East\*

\* Number of deals 2012 – 2014

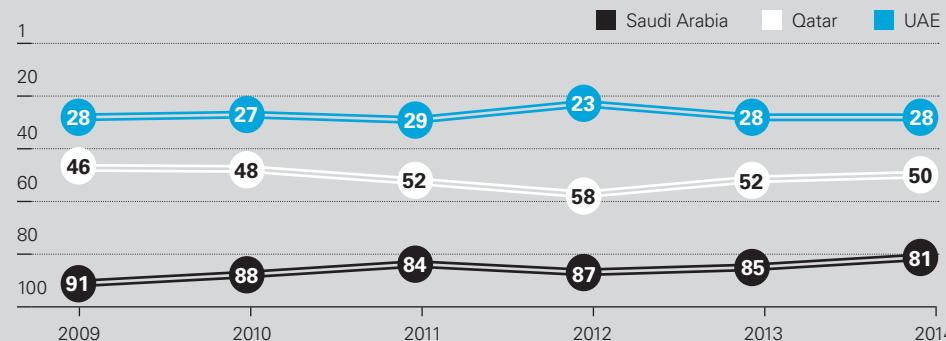


Source: Thomson Financial

In terms of the Middle East as a region, the United States and United Kingdom are the top investors into the region. US companies are investing in the building, construction and engineering and also broadcasting, advertising and marketing sectors. From the UK side, the professional services sector was the clear winner, with building, construction and engineering, and insurance close behind. There are also significant deal flows from Asia into the region, with oil and gas the dominant sector receiving interest.

Investment out of the region has been predominately to Egypt, the United Kingdom and India. The most attractive sectors for Middle East companies have been travel services, hotels and lodging, oil and gas and real estate. ■

## Attractiveness ranking for M&A purposes—Middle East



Source: M&A Attractiveness Index, Cass

Despite reports of Middle East M&A hitting a peak last year, our view is that activity remains sluggish. The most obvious headwind is oil, but the systemic factors that see the United Arab Emirates, Qatar and Saudi Arabia well behind our other focus countries on the Index are just as relevant: Political uncertainty conspires with legal and cultural barriers to takeovers, which keeps things challenging for foreign dealmakers.

These dealmakers and investors, then, may laud the upgrade of the United Arab Emirates and Qatar to "emerging market" status by MSCI Inc, a step that should mean more investment (especially from the United States) and is a precursor to those countries' inclusion in the widely held MSCI Emerging Markets Index. With more of the global populace holding their shares, the stage is set for a crescendo of interest in their stock markets and corporate takeovers. In the shorter term, the

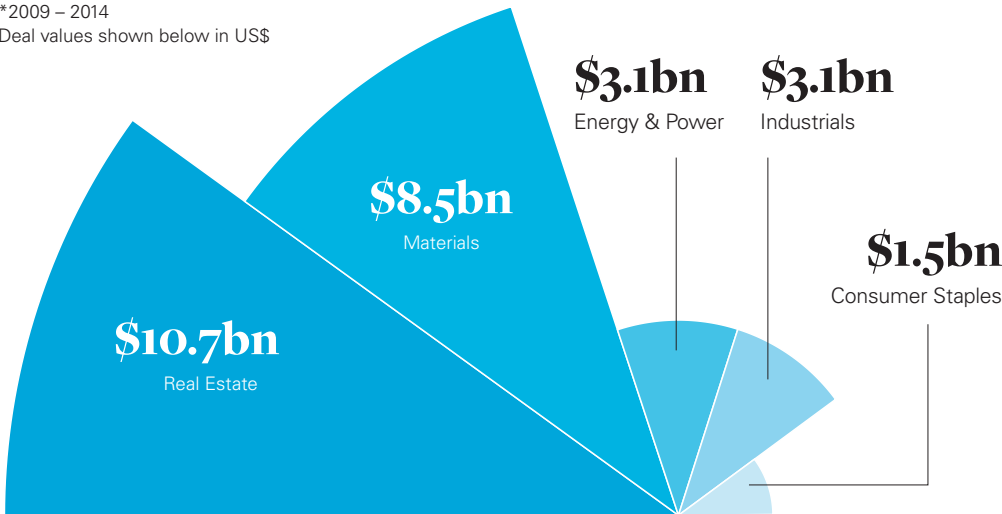
United Arab Emirates remains the most targeted country in the region despite a first quarter that saw half as many outbound deals, at one-fifth of the value (US\$526 million), as the year before. The recent opening of Saudi Arabia's stock market to foreigners should mean a welcome fillip for IPOs and a welcome drop in volatility, we expect, in the face of more liquidity, transparency and institutional participation. And while Qatar's growth is beyond the heady days of 2008 – 12

when GDP grew 86 percent, in Q1 the country surpassed the United Arab Emirates as the leader in outbound dealmaking: Two of its deals were worth nearly US\$2 billion—half the value of all regional activity. Though the first half of 2015 represented a slow start for the region, we expect all three countries to experience meaningful improvements to their attractiveness rankings and an associated surge in M&A activity in the coming years. ■



Top five active sectors by ranking value of deals\* for the Middle East

\*2009 – 2014  
Deal values shown below in US\$



Source: M&A Attractiveness Index, Cass

White & Case in the Middle East

We have been a market-leading advisor to clients in the region for more than 50 years, through our offices in Qatar, Saudi Arabia and the United Arab Emirates. We focus on corporate, M&A, project development and finance, capital markets, bank finance (including Islamic finance) and construction and offer English, US, French, Saudi Arabian and United Arab Emirates law coverage.



M&A Deal of the Year  
IFLR Middle East Award, 2014

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